

**CERTIFICATE OF DESIGNATION
OF
PREFERRED STOCK
OF
LIGHTING SCIENCE GROUP CORPORATION**

**To Be Designated
Series B Preferred Stock**

*Pursuant to Section 151(g) of the
General Corporation Law of the State of Delaware*

The undersigned DOES HEREBY CERTIFY that the following resolution was duly adopted by the Board of Directors (the "Board of Directors") of Lighting Science Group Corporation, a Delaware corporation (the "Corporation"), at a meeting duly convened and held, at which a quorum was present and acting throughout:

RESOLVED, that pursuant to the authority conferred on the Board of Directors by the Corporation's Certificate of Incorporation, the issuance of a series of preferred stock, par value \$0.001 per share, of the Corporation which shall consist of 2,000,000 shares of convertible preferred stock be, and the same hereby is, authorized; and the Chairman and Chief Executive Officer of the Corporation be, and he hereby is, authorized and directed to execute and file with the Secretary of State of the State of Delaware a Certificate of Designation of Preferred Stock of the Corporation fixing the designations, powers, preferences and rights of the shares of such series, and the qualifications, limitations or restrictions thereof (in addition to the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, set forth in the Certificate of Incorporation which may be applicable to the Corporation's preferred stock), as follows:

1. **Number of Shares; Designation.** A total of 2,000,000 shares of preferred stock, par value \$0.001 per share, of the Corporation are hereby designated as Series B Preferred Stock (the "Series"). Shares of the Series ("Preferred Shares") will be issued pursuant to the terms of an Exchange and Contribution Agreement, dated as of October 4, 2007 by and among the Corporation and LED Holdings, LLC (the "Exchange and Contribution Agreement"), a copy of which will be provided to any stockholder of the Corporation upon request therefor. Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Exchange and Contribution Agreement.

2. **Rank.** The Series shall, with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation, rank:

- (i) Senior and prior to the Common Stock, par value \$0.001 per share, of the Corporation (the "Common Stock"), and any additional series of preferred stock which may in the future be issued by the Corporation and are designated in the amendment to the Certificate of Incorporation or the certificate of designation establishing such additional preferred stock as ranking junior to the Preferred Shares. Any shares of the Corporation's Capital Stock which are junior to the Preferred Shares with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the

Corporation are hereinafter referred to as “Junior Liquidation Shares.”

- (ii) *Pari passu* with the 6% Convertible Preferred Stock of the Corporation (the “6% Preferred”) and any additional series of preferred stock which may in the future be issued by the Corporation and are designated in the amendment to the Certificate of Incorporation or the certificate of designation establishing such additional preferred stock as ranking equal to the Preferred Shares or which do not state they are Junior Liquidation Shares or Senior Liquidation Shares (as defined below). Any shares of the Corporation’s Capital Stock which are equal to the Preferred Shares with respect rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as “Parity Liquidation Shares.”
- (iii) Junior to any additional series of preferred stock which may in the future be issued by the Corporation and are designated in the amendment to the Certificate of Incorporation or the certificate of designation establishing such additional preferred stock as ranking senior to the Preferred Shares. Any shares of the Corporation’s Capital Stock which are senior to the Preferred Shares with respect to rights (including to redemption payments) upon liquidation, dissolution or winding-up of the affairs of the Corporation are hereinafter referred to as “Senior Liquidation Shares.”

3. **Dividends.** Dividends may be declared and paid on the Preferred Shares from funds legally available therefor as and when determined by the Board of Directors. The Series shall, with respect to the payment of dividends, rank *pari passu* with the Common Stock; *provided, however*, that for the avoidance of doubt the 6% accrual on the Preferred Shares payable upon a Liquidation Event shall nonetheless have the priority set forth in paragraph 4 below.

4. **Liquidation.**

(a) The liquidation value per Preferred Share, in case of the voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Corporation, shall be an amount equal to (i) \$7.50 per share (the “Purchase Price”), subject to adjustment in the event of a stock split, stock dividend or similar event applicable to the Series, plus (ii) an amount accruing at the rate of 6% per annum on the Purchase Price, from the date of original issuance and compounding annually (the sum of the foregoing clauses (i) and (ii) being hereinafter referred to as the “Liquidation Value”).

(b) In the event of any voluntary or involuntary liquidation, dissolution or winding-up of the Corporation (a “Liquidation Event”), the Holders (i) shall not be entitled to receive the Liquidation Value of the shares held by them until the liquidation value of all Senior Liquidation Shares shall have been paid in full, and (ii) shall be entitled to receive the Liquidation Value of such shares held by them in preference to and in priority over any distributions upon the Junior Liquidation Shares. Upon payment in full of the Liquidation Value to which the Holders are entitled, the Holders will not be entitled to any further participation in any distribution of assets by the Corporation. If the assets of the Corporation are not sufficient to pay in full the Liquidation Value payable to the Holders and the liquidation value payable to the holders of any Parity Liquidation Shares, the holders of all such shares shall share ratably in such distribution of assets in accordance with the amounts that would be payable on the distribution if the amounts to which the Holders and the holders of Parity Liquidation Shares are entitled were paid in full.

(c) For purposes of this paragraph 4, a Change of Control shall be treated as a Liquidation Event and shall entitle each Holder to receive, upon the consummation of such Change of Control, and at such Holder's option, cash in an amount equal to the Liquidation Value of such Holder's Preferred Shares.

(d) The Corporation shall, no later than the date on which a Liquidation Event occurs, deliver in accordance with the notice provisions of the Exchange and Contribution Agreement written notice of any Liquidation Event, stating the payment date or dates when and the place or places where the amounts distributable in such circumstances shall be payable, not less than 30 days prior to any payment date stated therein, to each Holder.

5. ***Conversion.***

(a) **Right to Convert.** Each Holder shall have the right to convert, at any time and from time to time, all or any part of the Preferred Shares held by such Holder into such number of fully paid and non-assessable shares of Common Stock (the "**Conversion Shares**") as is determined in accordance with the terms hereof (a "**Conversion**").

(b) **Conversion Notice.** In order to convert Preferred Shares, a Holder shall send to the Corporation by facsimile transmission, at any time prior to 3:00 p.m., central time, on the Business Day (as used herein, the term "**Business Day**" shall mean any day except a Saturday, Sunday or day on which the Federal Reserve Bank of Dallas, Texas is closed in the ordinary course of business) on which such Holder wishes to effect such Conversion (the "**Conversion Date**"), a notice of conversion in substantially the form attached as **Annex I** hereto (a "**Conversion Notice**"), stating the number of Preferred Shares to be converted, and a calculation of the number of shares of Common Stock issuable upon such Conversion in accordance with the formula set forth in paragraph 5(c) below setting forth the basis for each component thereof, including the details relating to any adjustments made to the Conversion Price. The Holder shall promptly thereafter send the Conversion Notice and the certificate or certificates being converted to the Corporation. The Corporation shall issue a new certificate for Preferred Shares to the Holder in the event that less than all of the Preferred Shares represented by a certificate are converted; *provided, however*, that the failure of the Corporation to deliver such new certificate shall not affect the right of the Holder to submit a further Conversion Notice with respect to such Preferred Shares and, in any such case, the Holder shall be deemed to have submitted the original of such new certificate at the time that it submits such further Conversion Notice. Except as otherwise provided herein, upon delivery of a Conversion Notice by a Holder in accordance with the terms hereof, such Holder shall, as of the applicable Conversion Date, be deemed for all purposes to be the record owner of the Common Stock to which such Conversion Notice relates. In the case of a dispute between the Corporation and a Holder as to the calculation of the Conversion Price or the number of Conversion Shares issuable upon a Conversion (including, without limitation, the calculation of any adjustment to the Conversion Price following any adjustment thereof), the Corporation shall issue to such Holder the number of Conversion Shares that are not disputed within the time periods specified in paragraph 5(d) below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Corporation's regularly retained accountants) within two (2) Business Days following the Corporation's receipt of such Holder's Conversion Notice. The Corporation shall cause such accountant to calculate the Conversion Price as provided herein and to notify the Corporation and such Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the "**Dispute Procedure**"). Such accountant's calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Number of Conversion Shares. The number of Conversion Shares to be delivered by the Corporation to a Holder for each Preferred Share pursuant to a Conversion shall be determined by dividing (i) the Purchase Price (for the avoidance of doubt, not including the 6% accrual on the Preferred Shares payable upon a Liquidation Event) by (ii) the Conversion Price in effect on the applicable Conversion Date; provided, however, that the number of Conversion Shares issued shall never, when combined with all other then outstanding shares of Common Stock and shares of Common Stock which have been subscribed for or otherwise committed to be issued, exceed the number of shares of Common Stock then authorized to be issued by the Corporation, and in the event that there are insufficient shares of Common Stock authorized to permit the full Conversion contemplated by any Conversion Notice, the Corporation will promptly take all such actions necessary so as to permit the full Conversion contemplated by such Conversion Notice as soon as practicable after receipt by the Corporation of such Conversion Notice.

(d) Delivery of Conversion Shares. The Corporation shall, no later than the close of business on the third (3rd) Business Day following the later of the date on which the Corporation receives a Conversion Notice from a Holder by facsimile transmission pursuant to paragraph 5(b), above, and the date on which the Corporation receives the related Preferred Shares certificate (such third Business Day, the "Delivery Date"), issue and deliver or cause to be delivered to such Holder the number of Conversion Shares determined pursuant to paragraph 5(c) above; *provided, however*, that any Conversion Shares that are the subject of a Dispute Procedure shall be delivered no later than the close of business on the third (3rd) Business Day following the determination made pursuant thereto.

(e) Adjustments. The Conversion Price shall be subject to adjustment from time to time as follows:

- (i) In the event that the Corporation shall (A) pay a dividend or make a distribution, in shares of Common Stock, on any class of Capital Stock of the Corporation or any subsidiary which is not directly or indirectly wholly owned by the Corporation, (B) split or subdivide its outstanding Common Stock into a greater number of shares, or (C) combine its outstanding Common Stock into a smaller number of shares, then in each such case the Conversion Price in effect immediately prior thereto shall be adjusted so that the holder of each share of the Series thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that such holder would have owned or have been entitled to receive after the occurrence of any of the events described above had such share of the Series been converted immediately prior to the occurrence of such event. An adjustment made pursuant to this paragraph 5(e)(i) shall become effective immediately after the close of business on the record date in the case of a dividend or distribution and shall become effective immediately after the close of business on the effective date in the case of such subdivision, split or combination, as the case may be. Any shares of Common Stock issuable in payment of a dividend shall be deemed to have been issued immediately prior to the close of business on the record date for such dividend for purposes of calculating the number of outstanding shares of Common Stock under clauses (ii) and (iii) below.
- (ii) In the event that the Corporation shall issue or distribute New Securities pursuant to an issuance or distribution approved by a majority of the directors nominated by stockholders other than the Holders, in any such case at a price per share less than the Current Market Price or that would entitle the holders of the New Securities to subscribe

for or purchase shares of Common Stock at less than Current Market Price per share (provided that the issuance of Common Stock upon the exercise of New Securities that are rights, warrants, options or convertible or exchangeable securities (“New Derivative Securities”) will not cause an adjustment in the Conversion Price if no such adjustment would have been required at the time such New Derivative Security was issued), then the Conversion Price in effect immediately prior thereto shall be adjusted so that the Conversion Price shall equal the price at which the Corporation issues or distributes such New Securities (or the price at which the holders of the New Securities are entitled to subscribe for or purchase shares of Common Stock). Each such adjustment shall be made successively whenever any such New Securities are issued. In determining whether any New Derivative Securities entitle the holders to subscribe for or purchase shares of Common Stock at less than the Current Market Price per share, there shall be taken into account any consideration received by the Corporation for such New Derivative Securities, the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a certificate filed with the records of corporate proceedings of the Corporation. Notwithstanding the foregoing, in no event shall an adjustment be made under this clause (ii) if such adjustment would result in raising the then-effective Conversion Price.

- (iii) No adjustment in the Conversion Price shall be required unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; *provided, however*, that any adjustments that by reason of this paragraph 5(e)(iii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph 5(e) shall be made to the nearest cent or nearest 1/100th of a share.
- (iv) In the event that, at any time as a result of an adjustment made pursuant to paragraph 5(e)(i) through 5(e)(iii) above, the holder of any share of the Series thereafter surrendered for conversion shall become entitled to receive any shares of Capital Stock of the Corporation other than shares of the Common Stock, thereafter the number of such other shares so receivable upon conversion of any share of the Series shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in paragraphs 5(e)(i) through 5(e)(iii) above, and the other provisions of this paragraph 5(e) with respect to the Common Stock shall apply on like terms to any such other shares.

(f) In case of any reclassification of the Common Stock (other than in a transaction to which paragraph 5(e)(i) applies), any consolidation of the Corporation with, or merger of the Corporation into, any other entity, any merger of another entity into the Corporation (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock of the Corporation), any sale or transfer of all or substantially all of the assets of the Corporation or any compulsory share exchange, pursuant to which share exchange the Common Stock is converted into other securities, cash or other property, then lawful provision shall be made as part of the terms of such transaction whereby the holder of each share of the Series then outstanding shall have the right thereafter, during the period such share shall be convertible, to convert such share only into the kind and amount of securities, cash and other property receivable upon the reclassification, consolidation, merger, sale, transfer or share exchange by a holder of the number of shares of Common Stock of the Corporation into which a share of the Series might have been converted immediately prior to the reclassification,

consolidation, merger, sale, transfer or share exchange assuming that such holder of Common Stock failed to exercise rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon consummation of such transaction, subject to adjustment as provided in paragraph 5(e) above following the date of consummation of such transaction. As a condition to any such transaction, the Corporation or the person formed by the consolidation or resulting from the merger or which acquires such assets or which acquires the Corporation's shares, as the case may be, shall make provisions in its certificate or articles of incorporation or other constituent document to (i) establish such right and (ii) ensure that any such transaction does not, in and of itself, effect the holders' rights to the Liquidation Value. The certificate or articles of incorporation or other constituent document shall provide for adjustments which, for events subsequent to the effective date of the certificate or articles of incorporation or other constituent document, shall be as nearly equivalent as may be practicable to the adjustments provided for in this paragraph 5. The provisions of this paragraph 5(f) shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

- (g) If:
 - (i) the Corporation shall take any action which would require an adjustment in the Conversion Price pursuant to paragraph 5(e); or
 - (ii) the Corporation shall authorize the granting to the holders of its Common Stock generally of rights, warrants or options to subscribe for or purchase any shares of any class or any other rights, warrants or options; or
 - (iii) there shall be any reclassification or change of the Common Stock (other than a subdivision or combination of its outstanding Common Stock or a change in par value) or any consolidation, merger or statutory share exchange to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or the sale or transfer of all or substantially all of the assets of the Corporation; or
 - (iv) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Corporation;

then, the Corporation shall cause to be delivered to each Holder in accordance with the notice provisions of the Exchange and Contribution Agreement, as promptly as possible, but at least 20 days prior to the applicable date hereinafter specified, a notice stating (A) the date on which a record is to be taken for the purpose of such dividend, distribution or granting of rights, warrants or options or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights, warrants or options are to be determined, or (B) the date on which such reclassification, change, consolidation, merger, statutory share exchange, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, change, consolidation, merger, statutory share exchange, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice or any defect therein shall not affect the legality or validity of the proceedings described in this paragraph 5(g).

(h) The Corporation shall promptly cause a notice of the adjusted Conversion Price to be delivered to each Holder.

(i) In any case in which paragraph 5(e) provides that an adjustment shall become effective immediately after a record date for an event and the date fixed for such adjustment pursuant to paragraph 5(e) occurs after such record date but before the occurrence of such event, the Corporation may defer until the actual occurrence of such event issuing to the holder of any Preferred Shares converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment.

(j) Subject to the proviso set forth in paragraph 5(c) hereof, the Corporation shall at all times reserve and keep available for issuance upon the conversion of the shares of the Series the maximum number of each of its authorized but unissued shares of Common Stock as is reasonably anticipated to be sufficient to permit the conversion of all outstanding shares of the Series, and shall take all action required to increase the authorized number of shares of Common Stock, or any other actions necessary or desirable, if at any time there shall be insufficient authorized but unissued shares of Common Stock to permit such reservation or to permit the conversion of all outstanding shares of the Series.

6. **Status of Shares.** All Preferred Shares that are at any time converted pursuant to paragraph 5 above, and all Preferred Shares that are otherwise reacquired by the Corporation and subsequently canceled by the Board of Directors, shall be retired and shall not be subject to reissuance.

7. **Voting Rights.** Each share of the Series shall entitle the holder thereof to 3.5 votes for each Conversion Share into which such share of the Series is then Convertible, which on the initial date of issuance of the Preferred Shares shall equal, when combined with the shares of Common Stock held by the initial Holder on the initial date of issuance of the Preferred Shares, in the aggregate not less than 80% of the total votes of all outstanding shares of capital stock of the Corporation, and shall otherwise have voting rights and powers equal to the voting rights and powers of the Common Stock (except as otherwise expressly provided herein or as required by law), voting together with the Common Stock as a single class and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted, and any fractional voting rights (after aggregating all shares into which shares of the Series held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

8. **Restrictions and Limitations.**

So long as any Preferred Shares remain outstanding, the Corporation shall not, without the vote or written consent by the holders of at least a majority of the outstanding Preferred Shares, voting together as a single class:

- (i) Redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking or other analogous fund for such purpose) any share or shares of its Capital Stock, except for (a) a transaction in which all outstanding shares of Preferred Stock are concurrently redeemed, purchased or otherwise acquired, (b) conversion into or exchange for shares of Capital Stock of the Corporation that are both (x) Junior Liquidation Shares, and (y) no greater than *pari passu* with the Preferred Shares with respect to the payment of dividends, or (c) the redemption of the 6% Preferred when due pursuant to the terms of this Restated Certificate of Incorporation; *provided, however*, that this restriction shall not apply to the repurchase of shares of Common Stock from employees, officers,

directors, consultants or other persons performing services for the Corporation or any subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares at cost or at cost plus interest at a rate not to exceed nine percent (9%) per annum, or, if lower than cost, at fair market value, upon the occurrence of certain events, such as the termination of employment; and *provided further*, that the total amount applied to the repurchase of shares of Common Stock shall not exceed \$100,000 during any twelve month period;

- (ii) alter, modify or amend (whether by merger or otherwise) the terms of the Series in any way;
- (iii) create (whether by merger or otherwise) any new series or class of Capital Stock ranking *pari passu* with or having a preference over the Series as to redemption or distribution of assets upon a Liquidation Event;
- (iv) increase (whether by merger or otherwise) the authorized number of shares of the Series;
- (v) re-issue (whether by merger or otherwise) any Preferred Shares which have been converted in accordance with the terms hereof;
- (vi) issue (whether by merger or otherwise) any securities of the Corporation ranking *pari passu* with or senior to Preferred Shares as to rights upon a Liquidation Event;
- (vii) issue (whether by merger or otherwise) any shares of the Series except pursuant to the terms of the Exchange and Contribution Agreement;
- (viii) enter into any definitive agreement or commitment with respect to any of the foregoing; or
- (ix) cause or permit any Subsidiary to engage in or enter into any definitive agreement or commitment with respect to any of the foregoing.

In the event that the Holders of at least a majority of the outstanding Preferred Shares agree to allow the Corporation to alter or change the rights, preferences or privileges of the Series pursuant to applicable law, no such change shall be effective to the extent that, by its terms, such change applies to less than all of the Preferred Shares then outstanding.

9. ***Follow-on Investment.*** Until October 4, 2009, the Holders of at least a majority of the Series outstanding from time to time shall have the right to cause the Corporation to sell for cash to the Holders on a pro rata basis up to an aggregate of \$10,000,000 of Common Stock in one or more transactions at a 15% discount to the average closing price of the Common Stock (as reported for consolidated transactions with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, then in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or such other system then in use or, if the Common Stock is not quoted by any such organization, then as furnished by a New York Stock Exchange member firm selected by the Corporation) for the thirty (30) consecutive trading days immediately prior to (but not including) the date of such purchase or purchases. The Holders

may exercise such right by delivering in accordance with the notice provisions of the Exchange and Contribution Agreement a written notice thereof to the Corporation specifying the amount of Common Stock which the Holders intend to purchase. The Corporation and the Holders shall cooperate to close such sale as soon as reasonably practical after receipt by the Corporation of such notice. Such sale shall be on terms and conditions customary for transactions of this type.

10. ***Certain Definitions.*** As used in this Certificate, the following terms shall have the following respective meanings:

“Affiliate” of any specified person means any other person directly or indirectly controlling or controlled by or under common control with such specified person. For purposes of this definition, “control” when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities or otherwise; and the term “controlling” and “controlled” having meanings correlative to the foregoing.

“Capital Stock” of any person or entity means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in the common stock or preferred stock of such person or entity, including, without limitation, partnership and membership interests.

“Change of Control” means the existence or occurrence of any of the following: (a) the sale, conveyance or disposition of all or substantially all of the assets of the Corporation; (b) the effectuation of a transaction or series of related transactions in which more than fifty percent (50%) of the voting power of the Corporation is disposed of (other than as a direct result of normal, uncoordinated trading activities in the Common Stock generally); (c) the consolidation, merger or other business combination of the Corporation with or into any other entity, immediately following which the prior stockholders of the Corporation fail to own, directly or indirectly, at least fifty percent (50%) of the voting equity of the surviving entity; (d) a transaction or series of transactions in which any Person or “group” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) acquires more than fifty percent (50%) of the voting equity of the Corporation; (e) the replacement of a majority of the Board of Directors with individuals who were not nominated or elected by at least a majority of the directors at the time of such replacement; or (f) a transaction or series of transactions that constitutes or results in a “going private transaction” (as defined in Section 13(e) of the Exchange Act and the regulations of the Commission issued thereunder).

“Conversion Price” means \$0.282508340410028, as adjusted from time to time pursuant to the terms of paragraph 5.

“Current Market Price” means, when used with respect to any security as of any date, the volume weighted average price of such security on the ten (10) consecutive trading days immediately preceding (but not including) such date as reported for consolidated transactions with respect to securities listed on the principal national securities exchange on which such security is listed or admitted to trading or, if such security is not listed or admitted to trading on any national securities exchange, the volume weighted average price of such security on the ten (10) consecutive trading days immediately preceding (but not including) such date in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System or such other system then in use or, if such security is not quoted by any such organization, the volume weighted average price of such security as of the ten (10) consecutive trading days immediately preceding (but not including) such date furnished by a New York Stock Exchange member firm selected by the Corporation, or if such security is not quoted by any such

organization and no such New York Stock Exchange member firm is able to provide such prices, such price as is determined by the Board of Directors in good faith.

“Holder” means any holder of Preferred Shares, all of such holders being the “Holders.”

“New Securities” means any Common Stock or preferred stock, whether or not authorized on the date hereof, and rights, options or warrants to purchase Common Stock or preferred stock and securities of any type whatsoever that are, or may become, convertible into Common Stock or preferred stock; provided, however, that “New Securities” does not include the following:

(i) shares of Capital Stock of the Corporation issued or issuable upon conversion or exercise of any currently outstanding securities;

(ii) shares or options or warrants for Common Stock granted to officers, directors and employees of, and consultants to, the Corporation pursuant to stock option or purchase plans or other compensatory agreements approved by the Board of Directors;

(iii) shares of Common Stock or preferred stock issued in connection with any pro rata stock split, stock dividend or recapitalization by the Corporation;

(iv) shares of Capital Stock issued to a strategic investor in connection with a strategic commercial agreement as determined by the Board of Directors;

(v) shares of Capital Stock issued to an investor in connection with a joint venture arrangement where the Corporation is a participant;

(vi) shares of Capital Stock issued pursuant to the acquisition of another corporation or entity by the Corporation by consolidation, merger, purchase of all or substantially all of the assets, or other reorganization in which the Corporation acquires, in a single transaction or series of related transactions, all or substantially all of the assets of such other corporation or entity or fifty percent (50%) or more of the voting power of such other corporation or entity or fifty percent (50%) or more of the equity ownership of such other corporation or entity;

(vii) shares of Capital Stock issued in an underwritten public securities offering pursuant to a registration statement filed under the Securities Act of 1933, as amended;

(viii) shares of Capital Stock issued to current or prospective customers or suppliers of the Corporation approved by the Board of Directors as compensation or accommodation in lieu of other payment, compensation or accommodation to such customer or supplier;

(ix) shares of Capital Stock issued to any person that provides services to the Corporation as compensation therefor pursuant to an agreement approved by the Board of Directors;

(x) shares of Common Stock issued pursuant to paragraph 9; and

(xi) securities issuable upon conversion or exercise of the securities set forth in paragraphs (i) – (x) above.

[signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be duly executed on its behalf by its undersigned Chairman and Chief Executive Officer as of October 4, 2007.

By: /s/ Ronald E. Lusk
Name: Ronald E. Lusk
Title: Chairman, Chief Executive Officer

CONVERSION NOTICE

The undersigned hereby elects to convert shares of Series B Preferred Stock (the “***Preferred Stock***”), represented by stock certificate No(s). _____, into shares of common stock (“***Common Stock***”) of Lighting Science Group Corporation (the “***Corporation***”) according to the terms and conditions of the Certificate of Designation relating to the Preferred Stock (the “***Certificate of Designation***”), as of the date written below. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Certificate of Designation.

Conversion Date:

Number of Shares of Preferred Stock to be Converted:

Applicable Conversion Price:

Number of Shares of Common Stock to be Issued:

Name of Holder:

Address:

Signature: _____

Name:

Title:

Holder Requests Delivery to be made: (check one)

By Delivery of Physical Certificates to the Above Address: ___

Through Depository Trust Corporation: ___ (Account No: _____)